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## Corporate Governance Report

Last Update: January, 6, 2021

**PRESS KOGYO CO., LTD.**

President & CEO, Tetsushi Mino

Contact: General Manager, Takanori Sasaoka

Securities Code: 7246

<https://www.presskogyo.co.jp/en/>

The corporate governance of PRESS KOGYO CO., LTD. (the “Company”) is described below.

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views**

The Company is committed to enhancing corporate governance on an ongoing basis for the purpose of seeking sustainable growth and increased corporate value over the mid- to long-term, based on the Press Kogyo Group’s “Principles of Management”.

#### **Press Kogyo Group “Principles of Management”**

##### **Principles of Management**

- Contribute to the development and growth of a prosperous society by fulfilling personal and business obligations to customers, shareholders, employees and the world community.
- Continue to be a reliable and trustworthy corporation through sincere efforts and hard work.

##### **Corporate Vision**

**[To be the world's No.1 manufacturer of our core products]**

- Have a dream, and challenge yourself to make that dream a reality.
- Each individual should play a role in achieving higher goals.
- Anticipate challenges and create new value.

##### **Guidelines**

- Build better human relations based on mutual respect among the workforce and community.
- Preserve transparency in the corporate climate by encouraging the free flow of communication.
- With individual commitment as a foundation, energetically and actively follow commitments

through to completion.

- Always keep one's word and gain the trust of others.
- Preserve the global environment and live in harmony with the community.

#### **[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

##### **[Principle 1.4]**

At the current time, the Company holds strategic-shareholdings (10 stocks). The Company will verify the propriety of holding individual strategic-shareholdings and consider reducing them as needed.

The Company holds shares of strategic-shareholdings based on Article 6 of the Company's Corporate Governance Guidelines and exercises voting rights regarding shares held by strategic-shareholdings based on Article 7 of the same Guidelines.

Furthermore, at the Board of Directors meeting held on May 20, 2020, it was decided that the individual strategic-shareholdings held as of the end of March 2020 would continue to be held, based on a verification of the propriety of holding said shareholdings.

##### **Article 6 (Policy on Strategic-Shareholdings)**

1. The Company shall hold shares by strategic-shareholdings when it judges in a comprehensive manner that this contributes to improving corporate value over the mid- to long-term for the purpose of facilitating business transactions and strengthening business relationships.
2. The Company shall confirm the objective and the like for and verify the propriety of holding individual strategic-shareholdings upon verification of the economic rationality and future prospects thereof over the mid- to long-term at meetings of the Board of Directors, on an annual basis.
3. The Board of Directors shall disclose an overview of the results of verifications of the propriety of shareholdings in a timely and appropriate manner.

##### **Article 7 (Standards for Exercising Voting Rights regarding Shares Held by Strategic-shareholdings)**

The Company, when it exercises voting rights regarding shares held by strategic-shareholdings, shall determine whether or not to approve matters to be resolved after careful examination, taking into consideration whether such matters contribute to improving shareholder value or whether such matters do not impair shareholder value in a significant way.

##### **[Supplementary Principle 4.2.1]**

At the current time, the Company has not introduced mid- to long-term performance-based compensation or share-based compensation.

However, all of the Company's Executive Directors have purchased shares in the Company through Press Kogyo Officers' Shareholdings. This gives them a common interest with all shareholders, providing an incentive to conduct business in a way that is conscious of the Company's share price and to improve corporate value.

## **[Disclosure Based on the Principles of the Corporate Governance Code]**

The Company formulated “Corporate Governance Guidelines,” which provides for the Company’s concept and system of corporate governance, progress of the establishment thereof and operating policies therefor, etc.

“Corporate Governance Guidelines” can be seen on the Company’s website.

(<https://www.presskogyo.co.jp/en/>)

### **[Principle 1. 7]**

It is disclosed in Article 8 of the Company’s Corporate Governance Guidelines.

### **Article 8 (Related Party Transactions)**

When the Company engages in transactions with an Officer or principal shareholders, etc. (i.e., related party transactions), in order to ensure that such transactions do not harm the common interests of its shareholders, the Company shall confirm the contents of such transactions and obtain the Board of Directors’ approval thereof before engaging in such transactions as well as report the results of such transactions.

### **[Principle 2. 6]**

The Company offers retirement benefit plans in the form of defined contribution pension plans and contract-type defined benefit corporate pension plans.

Regarding defined contribution pension plans, the Company provides employees with explanations of said system, educational opportunities related to the asset management, and the like.

Regarding contract-type defined benefit corporate pension plans, as the asset owner, the Company has established a strategic asset mix that takes into consideration risk and return in order to provide stable benefits to corporate pension fund recipients into the future.

Also, the situation regarding the management of plan assets is regularly monitored and if necessary, the Pension Plan Asset Management Committee will change the strategic asset mix and pick or change products under management in accordance with the Fundamental Pension Plan Asset Management Policy. Results of the management of plan assets are disclosed to employees.

Furthermore, the management of plan assets is entrusted to multiple plan trustees. The selection of individual investment destinations and exercise of voting rights is left entirely up to each trustee which ensures there are no conflicts of interest between corporate pension fund recipients and the Company.

### **[Principle 3. 1]**

(i) It is disclosed in the “materials for Financial Statement briefings” on the Company’s website and Article 1 of the Company’s Corporate Governance Guidelines.

(<https://www.presskogyo.co.jp/en/>)

### **Article 1 (Basic Concept of Corporate Governance)**

The Company is committed to enhancing corporate governance on an ongoing basis for the purpose of seeking sustainable growth and increased corporate value over the mid- to long-term, based on the Press Kogyo Group’s “Principles of Management”

(ii) It is disclosed in Article 1 of the Company's Corporate Governance Guidelines.

(iii) It is disclosed in Articles 28, 29 and 30 of the Company's Corporate Governance Guidelines.

#### Article 28 (Remuneration, etc., for Executive Directors)

1. Remuneration, etc., for executive directors, from among the Company's Directors (excluding Directors Who Are Audit & Supervisory Committee Members), shall be determined taking into consideration the ratio of fixed compensation and performance-based compensation (bonuses for Officers, etc.), as well as the appropriate ratio of cash compensation and share-based compensation.
2. The allocation of remuneration, etc., for individual executive directors shall be determined at the meeting of the Board of Directors, within the limits of the aggregate amount resolved at the Shareholders' meetings.

#### Article 29 (Remuneration, etc., for Non-executive Directors)

1. Remuneration, etc., for non-executive directors who will advise and supervise the management of the Company from an independent standpoint shall only be fixed compensation from the viewpoint of securing independence.
2. The allocation of remuneration, etc., for individual non-executive directors shall be determined at the meeting of the Board of Directors, within the limits of the aggregate amount resolved at the Shareholders' meetings.

#### Article 30 (Remuneration, etc., for Directors Who Are Audit & Supervisory Committee Members)

1. Remuneration, etc., for Directors Who Are Audit & Supervisory Committee Members shall only be fixed compensation from the viewpoint of securing the appropriateness of their duties including conducting audits and supervising the execution of business.
2. The allocation of remuneration, etc., for individual Directors Who Are Audit & Supervisory Committee Members shall be determined by consultation of Audit & Supervisory Committee Members, within the limits of the aggregate amount resolved at the Shareholders' meetings.

(iv) It is disclosed in Articles 18 and 19 of the Company's Corporate Governance Guidelines.

#### Article 18 (Qualifications for and Designation Procedures for Directors)

1. A Director should be a person with superior character, knowledge, ability and sufficient experience as well as high ethical standards.
2. A Director shall serve concurrently as a director, audit & supervisory committee member or Executive Officer in no more than five (5) listed companies including the Company in order to perform his/her duties in the Company in an appropriate manner.
3. Candidates for Director shall be determined at the meeting of the Board of Directors, taking into consideration the standards provided for in Paragraphs 1 and 2 of this Article. Candidates for Directors Who Are Audit & Supervisory Committee Members shall be determined upon agreement of the Audit & Supervisory Committee.
4. The Board of Directors shall disclose reasons for election of individual Director Candidates.

#### Article 19 (Criteria and Procedures for Dismissing Directors)

1. In cases where a Director of the Company has committed actions that violate public order and standards of decency, is having difficulty continuing their duties due to health reasons, has significantly damaged corporate value due to negligence in their duties, or does not meet the criteria stipulated in Paragraphs 1 and 2 of Article 18, the Board of Directors shall, following considerations, decide whether to propose a resolution for dismissing said Director to the Shareholders' meeting.
2. The Board of Directors shall disclose reasons for dismissing a Director.

(v) It is disclosed in Schedule ,''Reasons for Election of Directors and Significant Concurrent Positions outside the Company (as of June 26,2020)'' of the Corporate Governance Report. Reasons for appointments are stated in reference documents for the notice of the Annual shareholders' meeting. In cases involving dismissals, the reasons for the dismissal shall be disclosed.

#### [Supplementary Principle 4.1.1]

It is disclosed in Article 13 of the Company's Corporate Governance Guidelines.

#### Article 13 (Responsibilities of the Board of Directors)

1. Given its fiduciary responsibility to shareholders, the Board of Directors shall establish efficient and effective corporate governance and be responsible for promoting sustainable growth and the increase of corporate value over the mid- to long-term.
2. The Board of Directors shall secure fairness and transparency of its management by exercising its supervisory function regarding management as well as make the best decisions for the Company through constructive discussions with respect to business strategies and business plans, designation of senior management and remuneration decisions for senior management, organization of the internal control system and decisions on the execution of important business.

#### [Principle 4.9]

It is disclosed in Article 24 and Schedule 1 of the Company's Corporate Governance Guidelines, and '' II.1.[Independent Officers] Matters relating to Independent Officers'' of the Corporate Governance Report.

#### Article 24 (Standards for Electing Independent External Directors)

The Company shall elect External Directors independent from the senior management, controlling shareholders, etc., according to Standards for Electing Independent External Directors provided for in Schedule 1 based on independence standards stipulated by the Financial Instruments Exchange.

#### Schedule 1 : Standards for Electing Independent External Directors

#### Article 1 (Purpose)

The Standards define the standards for electing External Directors independent from the senior management, controlling shareholders, etc., for the purpose of strengthening and enhancing the Company's corporate governance system.

#### Article 2 (Standards for Independence)

A person who falls under any of the paragraphs below shall not have independency:

1. An executing person (executive director, Executive Officer and equivalents to each of the foregoing, and employee; the same hereinafter) of the Press Kogyo Group
2. An executing person of any company, etc., who falls under any of the subparagraphs:
  - (1) Major business partner of the Press Kogyo Group  
If its transaction amount with the Press Kogyo Group for any business year in the latest three (3) fiscal years exceeds 2% of the Company's or the transaction counterparty's consolidated sales amount, provided that, major business partners include all companies which belong to the Association for Business Partner Cooperation of the Company, regardless of the size of the transaction amount
  - (2) Major lender of the Press Kogyo Group  
If the outstanding debt of the Press Kogyo Group at the end of any business year in the latest three (3) fiscal years exceeds 2% of the Group's or lenders' total consolidated assets amount
  - (3) Major shareholder of the Company  
If it is ranked in the top 10 with respect to shareholdings for any business year in the latest three (3) fiscal years
3. A person who belongs to any audit firm that acts as the Press Kogyo Group's Accounting Auditor
4. A consultant or accounting or legal specialist who receives a substantial amount of money or any other property (i.e., an average payment of JPY 10 million or more in the latest three (3) fiscal years) in addition to compensation to be paid to Officers from the Press Kogyo Group (if an entity including a corporation and association receives such money or property, a person who belongs to such entity)
5. An executing person of any managing securities company of the Press Kogyo Group
6. An executing person of any cross-shareholding company of the Press Kogyo Group
7. When an executing person of the Press Kogyo Group currently assumes or assumed any time in the latest three (3) years the office of external officer in any other company, the executing person of such company
8. A person who fell under any of Paragraphs 2 through 6 above any time in the latest three (3) years
9. A relative within the second degree of relationship of a person who falls under any of Paragraphs 1 through 7 above
10. Notwithstanding Paragraphs 1 through 9 above, a person who is considered to have a special reason for which his/her conflict-of-interest relationship between the Company and general shareholders may be formed.

#### Article 3 (Organization in Charge of Improvement or Elimination)

The improvement or elimination of the Standards shall be drafted by the department in charge of IR (General Affairs Dept). and determined at the meeting of the Board of Directors.

[Supplementary Principle 4.11.1]

It is disclosed in Article 14 of the Company's Corporate Governance Guidelines.

#### Article 14 (Makeup of the Board of Directors)

1. The Company shall have no more than nine (9) Directors (excluding Directors Who Are Audit & Supervisory Committee Members) and no more than five (5) Directors Who Are Audit & Supervisory Committee Members, in order to ensure effective operation and active discussion.
2. The Company shall take into consideration the diversified makeup of the Board of Directors, including gender, age, nationality, Internationality, skill, whether the Directors have the knowledge and experience necessary for the Company's management and business activities, and whether the Directors are internal or external.
3. At least one (1) of the Directors Who Are Audit & Supervisory Committee Member must have appropriate knowledge on finance and accounting.

#### [Supplementary Principle 4.11.2]

It is disclosed in Article 18 and Schedule, "Reasons for Election of Directors and Significant Concurrent Positions(as of June26,2020)outside the Company " of the Corporate Governance Report.

#### Article 18 (Qualifications for and Designation Procedures for Directors)

1. A Director should be a person with superior character, knowledge, ability and sufficient experience as well as high ethical standards.
2. A Director shall serve concurrently as a director, audit & supervisory committee member or Executive Officer in no more than five (5) listed companies including the Company in order to perform his/her duties in the Company in an appropriate manner.
3. Candidates for Director shall be determined at the meeting of the Board of Directors, taking into consideration the standards provided for in Paragraphs 1 and 2 of this Article. Candidates for Directors Who Are Audit & Supervisory Committee Members shall be determined upon agreement of the Audit & Supervisory Committee.
4. The Board of Directors shall disclose reasons for election of individual Director Candidates.

#### [Supplementary Principle 4.11.3]

It is disclosed in Article 22 and "Effectiveness of the Company's Board of Directors – Summary of Evaluation Results for Fiscal 2019" described as below.

#### Article 22 (Evaluation of Board of Directors Effectiveness)

1. Directors shall evaluate the effectiveness of the Board of Directors on an annual basis and submit the results thereof to the Board of Directors. The Board of Directors shall analyze and evaluate the effectiveness of the entire Board of Directors on an annual basis, based on such results by each Director and shall work toward finding solutions and making improvements in that regard, upon establishing issues to be addressed considering results of the aforementioned analysis and evaluation.
2. The Board of Directors shall disclose a summary of the effectiveness evaluation results in a timely and appropriate manner.

Effectiveness of the Company' s Board of Directors - Summary of Evaluation Results for Fiscal 2019

The Company analyzed and evaluated the effectiveness of its Board of Directors in fiscal 2019 to improve the board's functionality. A summary of those results is provided as follows.

#### **I. Evaluation methodology and schedule**

On March 2020, based on the survey prepared by the secretariat of the Board of Directors, all Directors (including Audit & Supervisory Committee Members) conducted self-evaluations. Results of the completed surveys were then reported and discussed at the meeting of the Board of Directors held on April 24, 2020 and May 20, 2020.

The survey focused mainly on the following categories of information.

1. Status of the Board of Directors' success in addressing issues in fiscal 2019
  - 1. Further active discussions regarding mid- to long-term managerial issues
  - 2. Enhancing to strengthen corporate governance
2. Working of managerial issues
3. The supervisory function of the execution of business by Audit & Supervisory Committee Members
4. Information sharing
5. Operation of the Board of Directors
6. Makeup of the Board of Directors
7. Acquisition of knowledge as a director
8. Issues for the Board of Directors to address in fiscal 2020

#### **II. Results of evaluation and analysis of Board of Director effectiveness**

After analyzing and evaluating the results of the survey by our board of directors, we have concluded that the Board of Directors operates in a manner that largely ensures its effectiveness. The following issues to address have been identified from the perspective of improving the function of the Board of Directors and ensuring its effectiveness.

1. Considering the setting of an objective and important issues about ESG
2. Considering the setting of the corporate vision based on branding

In fiscal 2020, based on the above issues, company will act to ensure that Board of Directors operates more effectively.

[Supplementary Principle 4. 14. 2]

It is disclosed in Article 27 of the Company's Corporate Governance Guidelines.

#### **Article 27 (Policy on Training for Directors)**

1. Newly appointed Directors shall attend seminars on management, finance, internal control, legal affairs, etc., promptly after taking office in order to acquire the necessary knowledge.
2. Newly appointed External Directors shall visit major sites and receive explanations on the Company's business outline, Principles of Management and management strategy, where necessary, in order to deepen the understanding of the Company and acquire the knowledge necessary for management.
3. Directors shall make a detailed study into, and at all times actively collect information on the Company's financial situation, compliance, corporate governance and other matters, in order to perform their duties.

[Principle 5. 1]



It is disclosed in Article 31 and Schedule 2 of the Company's Corporate Governance Guidelines and "IR/Disclosure Policy" on the Company's website.

(<https://www.presskogyo.co.jp/en/>)

#### Article 31 (Dialogue with Shareholders)

1. The Company shall work to ensure that shareholders' opinions are shared with the entire Board of Directors, ensuring the senior management, including top-level executives, actively hold dialogues with shareholders as well as designating an Officer who is responsible for constructive dialogue with shareholders (Chief IR Officer).
2. The Chief IR Officer shall, as the Officer who is responsible for constructive dialogue with shareholders, from time to time hold dialogues on corporate governance and important management policies with principal shareholders who have investment policy which accords with shareholders' interests over the mid- to long-term and External Directors shall be given an opportunity to participate in such dialogue with such principal shareholders, where necessary. When holding such dialogue, it should be ensured that a substantial information gap between shareholders does not arise.
3. The Company shall organize the system that promotes constructive dialogue with shareholders and make efforts to promote the same, based on fundamental IR policy provided for in Schedule 2.

#### Schedule2 : Fundamental IR Policy

##### 1. Policy on Constructive Dialogue with Shareholders and Investors

The Company shall also hold constructive dialogue proactively with shareholders and investors on occasions other than the Shareholders' meetings for the purpose of seeking sustainable growth and increased corporate value over the mid- to long-term. Through dialogue with shareholders and investors, the Company shall accurately and timely provide information on the Company's management policy, business outline, performance, etc., and explain the same specifically and in a comprehensible way, reflecting their interest and concern.

##### 2. System of IR Activities

The Company shall designate the Officer in charge of general affairs as the Officer who is responsible for all the IR activities (Chief IR Officer) in order to promote constructive dialogue with shareholders and investors. The department in charge of IR (General Affairs Dept.) shall organize a system that enables a smooth response to shareholders and investors, including sharing information with all departments concerned in an intimate way.

##### 3. Efforts with Respect to Enhancement of IR Activities

The Company shall conduct the following activities throughout the year:

- To hold a financial statements briefing (mainly for analysts, institutional investors and mass media)
- To hold a small meeting after the announcement of financial statements
- To issue the Shareholder Newsletters and annual reports
- To hold a field trip to factories

- To respond to management interviews for the mass media

- To provide various release information through the Company's website

In addition to the foregoing, the Company shall hold constructive dialogues with shareholders and investors through many kinds of ways and means, where necessary.

#### 4. Feedback to Management

Opinions, etc., from shareholders and investors at a financial statements briefing, a meeting, etc. shall be reported to the senior management. The Company shall seek increased corporate value, using the same as a reference when it conducts business activities.

#### 5. Dealing with Insider Information

The Company shall present its fundamental policies for information disclosure in "Disclosure Policy." The Company shall refrain from answering questions on a meeting with shareholders and investors and on material facts by setting a quiet period, from the viewpoint of the prevention of the leakage of and the fairness of material facts including information on financial statements. In a meeting with shareholders and investors, the Company shall only deal with information that has been disclosed through the announcement of financial statements, etc. in principle and shall not refer to undisclosed material facts.

#### 6. Matters Related to Fair Disclosure Rule

The Company complies with the Fair Disclosure Rule based on Article 27-36 of the Financial Instruments and Exchange Act, and provides fair and appropriate information disclosure to shareholders and investors.

When officers of the Company or the department in charge of IR, etc. have disclosed important information (important information yet to be publically disclosed that relates to the running, operations or assets of the Company that may have a significant impact on the investment decisions of investors) to a related party of a transaction, etc. (financial instruments business operator, registered financial institution, credit rating agency, investment corporation, or other party specified by Cabinet Office Ordinance, or an officer of such party, etc.), the Company shall provide public disclosure of the pertinent information swiftly by using the Timely Disclosure network (TDnet) provided by the Tokyo Stock Exchange or the Company's website, etc.

#### 7. Organization in Charge of Improvement or Elimination

The improvement or elimination of the Policy shall be drafted by the department in charge of IR (General Affairs Dept.) and put into operation upon a resolution at the meeting of the Board of Directors.

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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**[Status of Major Shareholders]**

Name / Company Name	Number of Shares Owned	Percentage (%)
ISUZU MOTORS LTD.	10,151,185	9.36
THE MASTER TRUST OF JAPAN, LTD. (TRUST ACCOUNT)	6,743,100	6.22
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST. BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	5,151,700	4.75
NIPPON STEEL TRADING CORPORATION	5,020,000	4.63
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT)	4,122,800	3.80
STATE STREET BANK AND TRUST COMPANY 505227	3,538,700	3.26
MARUBENI-ITOCU STEEL INC.	3,300,000	3.04
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT 9)	3,058,900	2.82
DFA INTL SMALL CAP VALUE PORTFOLIO	2,511,000	2.32
NORTHERN TRUST CO. (AVFC) RE NVI01	2,488,300	2.30

Controlling Shareholder (except for Parent Company)	—
Parent Company	None.

Supplementary Explanation

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**3. Corporate Attributes**

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Transportation Equipment
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion /
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50 /

**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

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**5. Other Special Circumstances which may have Material Impact on Corporate Governance**

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	14
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President & CEO
Number of Directors	12
Number of External Directors	4
Number of Independent Director	4

#### External Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
	From another company / Lawyer / CPA / Tax Accountant / Academic / Other											
Yasuo Yamane	Academic											
Osamu Nakagawa	CPA											
Kenji Furusato	Lawyer											
Tomoko Ando	From another company											

\* Categories for "Relationship with the Company"

- \* "○" when the director presently falls or has recently fallen under the category;
- "△" when the director fell under the category in the past
- \* "●" when a close relative of the director presently falls or has recently fallen under the category;
- "▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the Company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company External directors/*kansayaku* are mutually appointed (the director himself/herself only)

- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

#### External Directors' Relationship with the Company (2)

Name	Membership of Audit & Supervisory Committee	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Yasuo Yamane	○	○	—	Dr. Yamane has a career history that includes Executive and Vice President of a national university, and he possesses extensive specialist knowledge regarding technology and human resource training that he has accumulated over many years as a professor in the faculty of engineering of a national university. Based on such experience and knowledge, the Company has judged that he is able to appropriately advise and supervise the management of the Company, and has elected him as an External Director who is an Audit & Supervisory Committee Member. Because Dr. Yamane has no relationship with the Press Kogyo Group other than the election as an External Officer and satisfies the requirements for independence criteria set by the Tokyo Stock Exchange, Inc., and for Standards for Electing Independent External Directors set by the Company, the Company has judged that there is no possibility of conflict of interest between Dr. Yamane and general shareholders and has designated him as an Independent Officer.

Osamu Nakagawa	○	○	—	Mr. Nakagawa has served consecutively as partner in an audit corporation and tax accountant corporation and has expert perspective and abundant experience as a certified public accountant and certified tax accountant. Based on such experience and knowledge, the Company has judged that he is able to appropriately advise and supervise the management of the Company, and has elected him as an External Director who is an Audit & Supervisory Committee Member. Because Mr. Nakagawa has no relationship with the Press Kogyo Group other than the election as an External Officer and satisfies the requirements for independence criteria set by the Tokyo Stock Exchange, Inc., and for Standards for Electing Independent External Directors set by the Company, the Company has judged that there is no possibility of conflict of interest between Mr. Nakagawa and general shareholders and has designated him as an Independent Officer.
Kenji Furusato	○	○	—	Mr. Furusato has abundant experience in law office and has served consecutively as professor in law school with specialized expertise as a lawyer. Based on such experience and knowledge, the Company has judged that he is able to appropriately advise and supervise the management of the Company, and has elected him as an External Director who is an Audit & Supervisory Committee Member. Because Mr. Furusato has no relationship with the Press Kogyo Group other than the election as an External Officer and satisfies the requirements for independence criteria set by the Tokyo Stock Exchange, Inc., and for Standards for Electing Independent External Directors set by the Company, the Company has judged that there is no possibility of conflict of interest between Mr. Furusato and general shareholders and has designated him as an Independent Officer.
Tomoko Ando	○	○	—	Ms. Tomoko Ando has abundant experience and extensive insights regarding global corporations gained primarily from her experience regarding brand marketing and strategic personnel affairs at a foreign-owned enterprise and while serving as the Executive Vice President. Based on such experience and knowledge, the Company has

				<p>judged that she is able to appropriately advise and supervise the management of the Company, and has elected her as an External Director who is an Audit &amp; Supervisory Committee member. On June 27, 2019, Ms. Ando was appointed as an Outside Board Director of Kansai Paint Co., Ltd. Although the Company has a business relationship with Kansai Paint Co., Ltd. regarding purchasing paints, the transaction amount in the current fiscal year was very small at less than 0.2% of the Company's consolidated sales amount and less than 0.1% of the consolidated sales amount of Kansai Paint Co., Ltd. Furthermore, although Kansai Paint Co., Ltd. owns the Company's shares, this constitutes an insignificant amount of less than 0.1% of the total number of shares issued by the Company. Accordingly, these facts are deemed not to affect the independence of Ms. Ando. Because Ms. Ando has no relationship with the Press Kogyo Group other than the election as an External Director and satisfies the requirements for independence criteria set by the Tokyo Stock Exchange, Inc., and for Standards for Electing Independent External Directors set by the Company, the Company has judged that there is no possibility of conflict of interest between Ms. Ando and general shareholders and has designated her as an Independent Officer.</p>
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#### [Audit & Supervisory Committee]

##### Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Internal Directors	External Directors	Chairperson
Audit & Supervisory Committee	5	1	1	4	Internal Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee	Appointed
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##### Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

Employees who should support duties of the Audit & Supervisory Committee are accordingly assigned thereto (as Audit & Supervisory Committee staff members serving concurrently in other departments), and personnel affairs matters in that regard are determined upon consultation between Representative Directors and the Audit & Supervisory Committee. Directors are not assigned to assist in duties of the Audit & Supervisory Committee.

Moreover, Audit & Supervisory Committee staff members must comply with the Audit & Supervisory Committee's orders and instructions with respect to providing assistance as instructed by the committee.

#### Cooperation among Audit & Supervisory Committee, Accounting Auditors and Internal Audit Departments

With respect to internal controls, the Internal Control Dept. conducts audits targeted at principle departments and works to increase the effectiveness of internal control, including pointing out and giving guidance on matters to be improved to audited departments in collaboration with the Audit & Supervisory Committee. With respect to auditing and oversight performed by the Audit & Supervisory Committee, mainly Full-time Audit & Supervisory Committee Members attend important meetings including the meeting of the Board of Directors, and also conduct audits on operations and properties according to the annual audit plan. Audit & Supervisory Committee Members hold meetings with Accounting Auditors on a regular basis, receive reports from them and exchange opinions with them, as well as confirm the appropriateness of the performance of operations by such Accounting Auditors, including witnessing site visits. Audit & Supervisory Committee Members also work to enhance audits, exchanging opinions on matters of significance including the formulation and evaluation of internal control, with the Internal Control Dept.

#### [Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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#### Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination & Remuneration Committee	Nomination & Remuneration Committee
All Committee Members	8	8
Full-time Members	0	0
Internal Directors	4	4
External Directors	4	4
External Experts	0	0
Other	0	0
Chairperson	Internal Director	Internal Director

#### Supplementary Explanation

The Company has established the Nomination & Remuneration Committee (the "Committee") as a voluntary advisory committee on December 24, 2019.

The Committee holds a meeting three (3) times a year in principle, deliberates the following consultations determined by the Board of Directors and submits the proposals to the Board of Directors.

(In FY 2019, the Committee was held twice as it was established on December 24, 2019.)

- (1) Fundamental policy on nomination and remuneration of Directors.
- (2) Draft of proposals for the election and dismissal of Directors to be submitted to the Shareholders' meeting.
- (3) Proposals for election and dismissal of Representative Directors and Executive Directors to be submitted to the Board of Directors.
- (4) Draft of proposals for the remuneration of Directors to be submitted to the Shareholders' meeting.
- (5) Other consultations determined by the Board of Directors.



The Committee consists of eight (8) Directors (which includes four (4) External Directors), Tetsushi Mino (Chairman), Satoru Murayama, Kazuhiko Onami, Noriaki Endo, Yasuo Yamane (External Director), Osamu Nakagawa(External Director), Kenji Furusato(External Director) and Tomoko Ando(External Director) .

## [Independent Officers]

Number of Independent Officers	4
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### Matters relating to Independent Officers

The Company has established standards for independence of External Directors as follows.

#### 《Standards for Electing Independent External Directors》

A person who falls under any of the paragraphs below shall not have independency:

1. An executing person (Executive Director, Executive Officer and equivalents to each of the foregoing, and employee; the same hereinafter) of the Press Kogyo Group
2. An executing person of any company, etc., who falls under any of the subparagraphs:

#### (1) Major business partner of the Press Kogyo Group

If its transaction amount with the Press Kogyo Group for any business year in the latest three (3) fiscal years exceeds 2% of the Company's or the transaction counterparty's consolidated sales amount, provided that, major business partners include all companies which belong to the Association for Business Partner Cooperation of the Company, regardless of the size of the transaction amount

#### (2) Major lender of the Press Kogyo Group

If the outstanding debt of the Press Kogyo Group at the end of any business year in the latest three (3) fiscal years exceeds 2% of the Group's or lenders' total consolidated assets amount

#### (3) Major shareholder of the Company

If it is ranked in the top 10 with respect to shareholdings for any business year in the latest three (3) fiscal years

3. A person who belongs to any audit firm that acts as the Press Kogyo Group's Accounting Auditor
4. A consultant or accounting or legal specialist who receives a substantial amount of money or any other property (i.e., an average payment of JPY 10 million or more in the latest three (3) fiscal years) in addition to compensation to be paid to Officers from the Press Kogyo Group (if an entity including a corporation and association receives such money or property, a person who belongs to such entity)
5. An executing person of any managing securities company of the Press Kogyo Group
6. An executing person of any cross-shareholding company of the Press Kogyo Group
7. When an executing person of the Press Kogyo Group currently assumes or assumed any time in the latest three (3) years the office of external officer in any other company, the executing person of such company
8. A person who fell under any of Paragraphs 2 through 6 above any time in the latest three (3) years
9. A relative within the second degree of relationship of a person who falls under any of Paragraphs 1 through 7 above
10. Notwithstanding Paragraphs 1 through 9 above, a person who is considered to have a special reason for which his/her conflict-of-interest relationship between the Company and general shareholders may be formed.

**[Incentives]**

Incentive Policies for Directors	None
Supplementary Explanation	
Performance-based compensation is paid as part of the bonuses for Officers.	
Recipients of Stock Options	None
Supplementary Explanation	
—	

**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
Supplementary Explanation	
The total remuneration of the director is 367 million yen. (2020)	
Policy on Determining Remuneration Amounts and Calculation Methods	Established
Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods	
<p>It is disclosed in Article 28, 29 and 30 of the Company's Corporate Governance Guidelines.</p> <p>Article 28 (Remuneration, etc., for Executive Directors)</p> <ol style="list-style-type: none"> <li>1. Remuneration, etc., for executive directors, from among the Company's Directors (excluding Directors Who Are Audit &amp; Supervisory Committee Members), shall be determined taking into consideration the ratio of fixed compensation and performance-based compensation (bonuses for Officers, etc.), as well as the appropriate ratio of cash compensation and share-based compensation.</li> <li>2. The allocation of remuneration, etc., for individual executive directors shall be determined at the meeting of the Board of Directors, within the limits of the aggregate amount resolved at the Shareholders' meetings.</li> </ol> <p>Article 29 (Remuneration, etc., for Non-executive Directors)</p> <ol style="list-style-type: none"> <li>1. Remuneration, etc., for non-executive directors who will advise and supervise the management of the Company from an independent standpoint shall only be fixed compensation from the viewpoint of securing independence.</li> <li>2. The allocation of remuneration, etc., for individual non-executive directors shall be determined at the meeting of the Board of Directors, within the limits of the aggregate amount resolved at the Shareholders' meetings.</li> </ol>	

Article 30 (Remuneration, etc., for Directors Who Are Audit & Supervisory Committee Members)

1. Remuneration, etc., for Directors Who Are Audit & Supervisory Committee Members shall only be fixed compensation from the viewpoint of securing the appropriateness of their duties including conducting audits and supervising the execution of business.
2. The allocation of remuneration, etc., for individual Directors Who Are Audit & Supervisory Committee Members shall be determined by consultation of Audit & Supervisory Committee Members, within the limits of the aggregate amount resolved at the Shareholders' meetings.

#### [Supporting System for External Directors]

The General Manager of the General Affairs Dept. provides support by regularly holding one (1) or more meetings on a monthly basis and distributing information.

#### [Retired presidents/CEOs holding advisory positions (Advisor, Counselor, etc.)]

Information on retired presidents/CEOs holding advisory positions (Advisor, Counselor, etc.)

Name	Job title/ position	Responsibilities	Working terms and conditions. (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
-	-	-	-	-	-

Number of retired presidents/CEOs holding  
advisory positions (Advisor, Counselor, etc.)

0

Others

1. A provision in the Company's Articles of Incorporation stipulates that "The Board of Directors may make resolutions appointing persons to serve as Advisors or Counselors."
2. A former Director (Term of office: One year starting from June 26, 2020) and a former Director who is a Full-time Audit & Supervisory Committee Member (Term of office: One year starting from June 26, 2020) are commissioned as a Counselor. Their duties as a Counselor involve providing advice regarding their fields of specialization.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company is a company with Audit & Supervisory Committee and makes efforts to increase the effectiveness of corporate governance, ensuring the Board of Directors makes important decisions and supervises the execution of operations or promoting efficient management and accelerated execution of operations by introducing the Executive Officer System, as well as enhancing the Internal Auditing System for the purpose of strengthening the functions of the Audit & Supervisory Committee. The operations by, functions of and activities of each organization, etc. are as follows:

### 1. Executive Officer System

The Company has introduced the Executive Officer System and promotes efficiency and acceleration of management decision-making and execution of operations, separating management functions from operation execution functions as well as ensuring the small size of the Board of Directors.

### 2. Management Meeting

Management Meeting holds a meeting twice a month in principle and reports and discusses matters of significance with respect to each of departments which such Executive Officer are in charge of, as needed. The Management Meeting consists of eight (8) Directors, Tetsushi Mino (Chairman), Satoru Murayama, Kazuhiko Onami, Takashi Nakayama, Noriaki Endo, Hiroshi Yahara, Noboru Masuda, Masanori Sakano (Full-time Audit & Supervisory Committee Member) and thirteen (13) Executive Officers, Takekazu Karaki, Yuki Shimizu, Masahiko Sato, Harumasa Nikkawa, Hiromichi Tachiiri, Satoshi Kagatsume, Masami Otake, Kyoko Okada, Kan Okugakiuchi, Toshihiro Ogawa, Masakazu Ito, Shunsuke Takagi, Tsuyoshi Yamakawa. Full-time Audit & Supervisory Committee Members attend the Management Meeting and express their opinions, as needed.

### 3. Board of Directors

The Board of Directors holds a meeting once a month in principle and supervises the execution of operations and makes important decisions. The Board of Directors consists of twelve (12) Directors (which includes four (4) External Directors) , Tetsushi Mino (Chairman), Satoru Murayama, Kazuhiko Onami, Takashi Nakayama, Noriaki Endo, Hiroshi Yahara, Noboru Masuda, Masanori Sakano (Full-time Audit & Supervisory Committee Member), Yasuo Yamane (External Director, Audit & Supervisory Committee Member), Osamu Nakagawa (External Director, Audit & Supervisory Committee Member), Kenji Furusato (External Director, Audit & Supervisory Committee Member) and Tomoko Ando (External Director, Audit & Supervisory Committee Member) .

### 4. Audit & Supervisory Committee

The Audit & Supervisory Committee holds a meeting once a month in principle and audits and supervises Directors' execution of operations. The Audit & Supervisory Committee consists of five (5) Directors (which includes four (4) External Directors), Masanori Sakano (Chairman, Full-time Audit & Supervisory Committee Member), Yasuo Yamane (External Director), Osamu Nakagawa (External Director), Kenji Furusato (External Director) and Tomoko Ando (External Director) .

### 5. Nomination & Remuneration Committee

The Nomination & Remuneration Committee, as a voluntary advisory committee, holds a meeting three (3) times a year in principle, deliberates the following consultations determined by the Board of Directors and submits the proposals to the Board of Directors.

- (1) Fundamental policy on nomination and remuneration of Directors.
- (2) Draft of proposals for the election and dismissal of Directors to be submitted to the Shareholders' meeting.
- (3) Proposals for election and dismissal of Representative Directors and Executive Directors to be submitted to the Board of Directors.
- (4) Draft of proposals for the remuneration of Directors to be submitted to the Shareholders' meeting.
- (5) Other consultations determined by the Board of Directors.

The Nomination & Remuneration Committee consists of eight (8) Directors (which includes four (4) External Directors), Tetsushi Mino (Chairman), Satoru Murayama, Kazuhiko Onami, Noriaki Endo, Yasuo Yamane (External Director), Osamu Nakagawa (External Director), Kenji Furusato (External Director) and Tomoko Ando (External Director) .

#### 6. Internal Control System

The Company established the Internal Control Dept. in October 2005 for the purpose of ensuring thorough compliance and strengthening internal control. The Company established the Internal Control Committee consisting of all Directors in May 2006 and is formulating internal control as well as supervising compliance of the execution of operations with laws and regulations and the Company's Articles of Incorporation.

The Internal Control Committee holds a meeting four (4) times a year in principle and consists of twelve (12) Directors (which includes four (4) External Directors) , Tetsushi Mino (Chairman), Satoru Murayama, Kazuhiko Onami, Takashi Nakayama, Noriaki Endo, Hiroshi Yahara, Noboru Masuda, Masanori Sakano (Full-time Audit & Supervisory Committee Member), Yasuo Yamane (External Director, Audit & Supervisory Committee Member), Osamu Nakagawa(External Director, Audit & Supervisory Committee Member), Kenji Furusato(External Director, Audit & Supervisory Committee Member) and Tomoko Ando(External Director, Audit & Supervisory Committee Member) .

#### 7. Risk Management System

With respect to the risk management system, the Internal Control Committee identifies risks in each division, evaluates such risks, and decides on measures to address them. Risks such as those associated with product quality, safety and health, the environment, and disaster prevention are respectively managed by each of the committees subordinate to the Management Meeting. Each department formulates regulations, standards, rules, etc., and manages associated risks. Also, audit departments regularly conduct audits on risk management and report details thereof to the Internal Control Committee.

#### 8. Internal Audits, and Audit and Oversight by the Audit & Supervisory Committee

About the internal audit, The Internal Control Dept. conducts an audit targeted at principle departments and works to increase the effectiveness of internal control, including pointing out and giving guidance on matters to be improved to an audited department in collaboration with the Audit & Supervisory Committee. With respect to auditing and oversight performed by the Audit & Supervisory Committee, mainly Full-time Audit & Supervisory Committee Members attend important meetings including the meeting of the Board of Directors and conduct audits on operations and properties according to the annual audit plan. Audit & Supervisory Committee Members hold meetings with Accounting Auditors on a regular basis, receive reports from them and exchange opinions with them, as well as confirm the appropriateness of the performance of operations by such Accounting Auditors, including witnessing site visits. Audit & Supervisory Committee Members also work to enhance audits, exchanging opinions on matters of significance including the formulation and evaluation of internal control, with the Internal Control Dept.

External Director Osamu Nakagawa is a certified public accountant and certified tax accountant, and has considerable knowledge regarding finance and accounting. And External Director Kenji Furusato is a certified lawyer, and has considerable knowledge regarding law.

#### 9. Status of Accounting Audit

With respect to accounting audits, the Company is subject to accounting audit by KPMG AZSA LLC. Two (2) certified public accountants, Hiroshi Abe and Toru Tanaka, are primarily responsible for executing accounting audit operations. Also, five (5) certified public accountants and thirteen (13) other persons provide support pertaining to the Company's accounting audit operations.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company has set its sights on achieving its corporate vision to “To be the world’s No.1 manufacture of our core products” and has accordingly adopted the company with Audit & Supervisory Committee structure with the aims of making decisions more swiftly and resolutely, achieving greater efficiency and flexibility with respect to business execution, strengthening supervisory functions of such execution, and further enhancing its corporate governance practices.
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## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the Shareholder’s Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of Shareholder’s Meetings	The Company sends a notice of the Shareholder’s Meetings to shareholders three weeks prior to the date thereof in order for such shareholders to have sufficient time to review matters to be resolved at such Meeting
Allowing Electronic Exercise of Voting Rights	The Company has judged that increased tools for exercising voting rights can improve convenience for shareholders and has been introducing the exercise of voting rights in an electromagnetic means since 2003.
Participation in Electronic Voting Platform	The Company has been introducing the Electronic Voting Platform targeted at institutional investors, which is operated by ICJ, Inc., since 2008 in order to improve convenience of exercising voting rights for institutional investors in Japan and overseas.
Providing Convocation Notice in English	The Company discloses an English version of the notice (summary) on the Company’s website, etc., in order to improve convenience of exercising voting rights for institutional investors overseas

### 2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	“Fundamental IR Policy” and “Disclosure Policy” that the Company has formulated are disclosed on the Company’s website (URL <a href="https://www.presskogyo.co.jp/en/">https://www.presskogyo.co.jp/en/</a> ).
Regular Investor Briefings for Individual Investors	The Company holds a financial statement briefings targeted at analysts and institutional investors twice a year (for the second quarter and the fourth quarter).
Posting of IR Materials on Website	IR materials including information on financial statements, materials on any other information which is disclosed in a timely manner, securities reports, materials for financial statements briefings, Shareholder Newsletters and annual reports can be seen on the Company’s website (URL <a href="https://www.presskogyo.co.jp/en/">https://www.presskogyo.co.jp/en/</a> ).
Establishment of Department and/or Manager in Charge of IR	The General Affairs Dept. is in charge of IR.

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
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Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Press Kogyo Group specifies stakeholders' positions in "Principles of Management" "Corporate Vision," "Guidelines" and "Code of Ethics."
Implementation of Environmental Activities, CSR Activities etc.	<p>[Environmental Activities] Based on our Environment Policy, we set a Basic Environmental Management Philosophy and the promotion system necessary to achieve it. Our Basic Principle is to promote environmentally friendly <i>monozukuri</i> (manufacturing) in all fields of corporate operations, and to contribute to the development of a sustainable and prosperous society.</p> <p>It is disclosed on the Company's website (URL <a href="https://www.presskogyo.co.jp/en/">https://www.presskogyo.co.jp/en/</a>).</p> <p>[Community Contribution Activities] Our main activities are Respect for Employees, Quality Assurance, Purchasing and Community Contribution. It is disclosed on the Company's website (URL <a href="https://www.presskogyo.co.jp/en/">https://www.presskogyo.co.jp/en/</a>).</p>
Development of Policies on Information Provision to Stakeholders	The Company works to provide information, establishing a system with respect to timely disclosure.
Other	<p>The Company endeavors to develop a workplace environment that enables a diverse workforce to play an active role. To that end, the Company's approach involves respecting individual standpoints and views irrespective of national origin, gender, or creed, and also abiding by the Labor Standards Act, the Child Care and Family Care Leave Act, the Act of Promotion of Women's Participation and Advancement in the Workplace, and other such laws and regulations.</p> <p>Specifically, in April 2019, the Company set up a new childcare leave system and expanded the scope of reduced working hours and exemption from overtime work due to childcare.</p> <p>The Company will strive to enhance the welfare plan that accommodates various events that may occur in a person's life.</p> <p>Also, while progressing the proactive employment and promotion of women, the Company is working with the goal of "increasing the ratio of women who are hired into regular positions to 20%" as outlined in the five-year action plan started in April 2018.</p>

#### IV. Matters Related to the Internal Control System

##### 1. Basic Views on Internal Control System and the Progress of System Development

- (1) System to ensure that the execution of duties by Directors and employees comply with laws, regulations, and with the Company's Articles of Incorporation
- 1) The Company ensures that Directors and employees are kept informed of the Press Kogyo Group's Principles of Management and Code of Ethics.
  - 2) The Internal Audit Department audits the execution of operations for conformance with laws and regulations and with the Company's Articles of Incorporation. In addition, this department monitors the progress of setting up the internal control system and delivers reports to the Internal Control Committee, made up of all Directors.
  - 3) The Internal Control Committee receives reports on the operation of the internal control system and monitors the execution of operations for conformance with laws and regulations and with the Company's Articles of Incorporation.
  - 4) The Company works to prevent scandals by using the Hotline (whistleblower) System, deterring

illegal or unethical acts in the Company. The Hotline System enables Press Kogyo Group employees to communicate with, and receive advice directly from, those designated to deal with these situations.

(2) System to ensure that Directors' duties are executed efficiently

- 1) The Company will continue to promote more efficient management and accelerated execution of operations by improving the Executive Officer system that is now in use.
- 2) The execution of important operations is deliberated on at the Management Meeting, made up of full-time executive officers and full-time Audit & Supervisory Committee members. Matters to be resolved by meetings of the Board of Directors are deliberated on and actions decided at meetings of the Board of Directors.
- 3) The Company works to efficiently use management resources by drawing up a medium-term business plan to clearly define the goals to be achieved.

(3) Regulations covering risk management and other systems

- 1) The Internal Control Committee works to gain an understanding of the risks faced by every department and makes decisions on risk assessment and effective responses.
- 2) Every department draws up regulations, standards, rules, etc. to manage their risks, and the Internal Audit Department regularly audits the state of that risk management and delivers reports to the Internal Control Committee.
- 3) Product quality, health and safety, environmental and disaster prevention risks, etc. are managed by various committees that are sub-organizations of the Management Meeting.

(4) System management and information storage related to the execution of Directors' duties

In accordance with laws, regulations, and the Company's own regulations, the Company manages and stores documents related to important reports and decisions made in relation to the execution of Directors' duties.

(5) System to ensure the appropriateness of operations in the Press Kogyo Group (the Company and subsidiaries).

- 1) Every department in the Company and all subsidiaries establish an internal control system based on the formulation plan prescribed by the Internal Control Committee. The Internal Audit Department regularly audits the internal control systems of every department of the Company and all subsidiaries, and then delivers reports to the Internal Control Committee.
- 2) The department in charge of managing subsidiaries works in concert with various other departments and is guided by Regulations on Management of Affiliates.
- 3) The Company receives reports on the significant concerns of subsidiaries, and may discuss these concerns, as appropriate, while respecting the individual initiative and independence of the subsidiaries.
- 4) Every subsidiary manages the risks associated with their own operations, and the Company's Internal Audit Department regularly audits the state of risk management and delivers reports to the Internal Control Committee.
- 5) In addition to the supervisory departments managing and guiding the operations of subsidiaries, the Directors or the Auditors of the subsidiaries, as a rule, are dispatched from the company to ensure that all operations are being handled appropriately.



- (6) Matters related to Directors or employees who support the duties of the Audit & Supervisory Committee; matters related to the independence of these employees from Directors (excluding Directors who are Audit & Supervisory Committee members); and matters related to ensuring the effectiveness of instructions to these employees
- 1) Employees are assigned to support the duties of the Audit & Supervisory Committee, and related HR issues are determined by consulting with Representative Directors and the Audit & Supervisory Committee. Note that Directors are not assigned to support the duties of the Audit & Supervisory Committee.
  - 2) Employees who support the duties of the Audit & Supervisory Committee must obey instructions and orders from the Audit & Supervisory Committee in relation to the support operations.
- (7) System whereby Directors (excluding Directors who are Audit & Supervisory Committee members) and employees report to the Audit & Supervisory Committee; other system related to the report to the Audit & Supervisory Committee; and the system to ensure that Directors and employees are not unfavorably treated for making reports
- 1) Directors (excluding Directors who are Audit & Supervisory Committee members) and employees of the Company and employees of subsidiaries report to the Audit & Supervisory Committee if there is an incident, or the risk of an incident, that could seriously harm the Press Kogyo Group. Specific matters to be reported are subject to discussion between Representative Directors and the Audit & Supervisory Committee.
  - 2) Unfavorable treatment of anyone who has made a report to the Audit & Supervisory Committee is prohibited.
  - 3) The Internal Audit Department regularly reports on the results of audits to the Audit & Supervisory Committee.
- (8) Matters related to the policy for processing expenses or debts resulting from the execution of duties by Audit & Supervisory Committee members (limited to matters related to the execution of the duties of the Audit & Supervisory Committee)
- When, in relation to the execution of duties by Audit & Supervisory Committee members, any committee member asks the Company to pay expenses in advance, etc. or requests advice from an external expert, etc., any expenses or debts resulting from requests are promptly processed and borne by the Company, except in cases where they are not recognized as necessary for the duties of Audit & Supervisory Committee members.
- (9) Other systems to ensure that audits by the Audit & Supervisory Committee are executed effectively
- 1) Full-time Audit & Supervisory Committee members may attend important meetings, including management meetings, and can express their opinions.
  - 2) Audit & Supervisory Committee members perform audit operations in cooperation with the Internal Audit Department and the Accounting Auditors.

## 2. Basic Views on Eliminating Anti-Social Forces

The Company resolutely responds to anti-social forces that threaten social order and sound corporate

activities. The Company specifies that effect in its “Code of Ethics” and works to ensure that all employees of the Press Kogyo Group, including Officers of the Company, are informed of said effect.

## **V. Other**

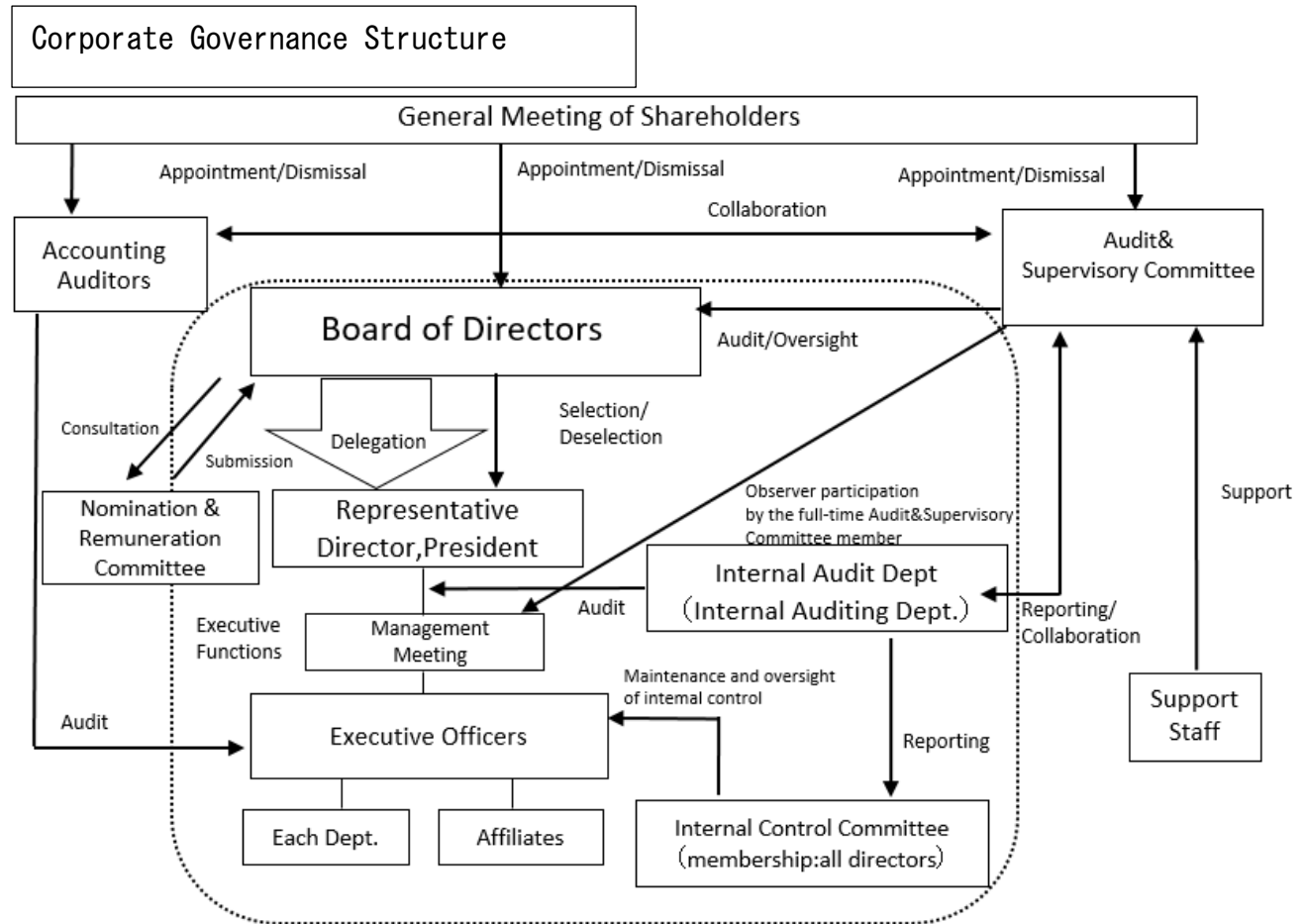
### **1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

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## 2. Other Matters Concerning to Corporate Governance System



Schedule
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## Reasons for Election of Directors and Significant Concurrent Positions outside the Company (as of June 26, 2020)

Name	Job title	Reasons for election and significant concurrent positions outside the Company
Tetsushi Mino	Representative Director, President & CEO of the Company	Mr. Mino has experience mainly in the Personnel, Sales and Purchasing Department of the Company and has deep knowledge and achievements in the Company's personnel, sales and purchasing business. Based on such experience and considerable insight, the Company has judged that he is able to make decisions relating to execution of important business and supervise the management, and has elected him as a Director.
Satoru Murayama	Representative Director, Executive Vice President & CTO of the Company	Mr. Murayama has experience mainly in the Design, Engineering and Factory Department of the Company and has deep knowledge and achievements in the Company's engineering & development and manufacturing business. Based on such experience and considerable insight, the Company has judged that he is able to make decisions relating to execution of important business and supervise the management, and has elected him as a Director.
Kazuhiko Onami	Director, Senior Executive Managing Officer & CFO of the Company	Mr. Onami has experience mainly in the Sales and Accounting Department of the Company and has deep knowledge and achievements in the Company's sales, accounting business and overall management through his involvement in the management of the Company's subsidiary in the United States. Based on such experience and considerable insight, the Company has judged that he is able to make decisions relating to execution of important business and supervise the management, and has elected him as a Director.
Takashi Nakayama	Director, Executive Managing Officer of the Company	Mr. Nakayama has experience mainly in the Sales and Purchasing Department of the Company and has deep knowledge and achievements in the Company's sales, purchasing business and overall management through his involvement in the management of a Chinese subsidiary for many years. Based on such experience and considerable insight, the Company has judged that he is able to make decisions relating to execution of important business and supervise the management, and has elected him as a Director. <i>(Significant concurrent positions outside the Company)</i> Chairman of PM CABIN MANUFACTURING CO., LTD.  Chairman of PK MANUFACTURING (SUZHOU) CO., LTD.  Chairman of PRESS KOGYO MINI CABIN (SUZHOU) CO., LTD.
Noriaki Endo	Director, Executive Managing Officer of the Company	Mr. Endo has experience mainly in the Design and Factory Department of the Company and has deep knowledge and achievements in the Company's development and manufacturing business. Based on such experience and considerable insight, the Company has judged that he is able to make decisions relating to execution of important business and supervise the management, and has elected him as a Director.
Hiroshi Yahara	Director, Executive Managing Officer of the Company	Mr. Yahara has experience mainly in the Sales, Purchasing and General Affairs Department of the Company and has deep knowledge and achievements in the Company's sales, purchasing and general affairs business. Based on such experience and considerable insight, the Company has judged that he is able to make decisions relating to execution of important business and supervise the management, and has elected him as a Director.

Name	Job title	Reasons for election and significant concurrent positions outside the Company
Noboru Masuda	Director, Executive Managing Officer of the Company	Mr. Masuda has experience mainly in the Tool & Machinery Engineering and Factory Department of the Company and has deep knowledge and achievements in the Company's tool & machinery and manufacturing business. Based on such experience and considerable insight, the Company has judged that he is able to make decisions relating to execution of important business and supervise the management, and has elected him as a Director.
Masanori Sakano	Director, Full-time Audit & Supervisory Committee Member of the Company	Mr. Sakano has abundant and broad-ranging insights regarding finance and accounting as well as corporate management from his many years of experience at financial institutions in Japan and overseas. Based on such experience and knowledge, the Company has judged that he is able to appropriately supervise the management of the Company, and has elected him as a Director who is an Audit & Supervisory Committee member.
Yasuo Yamane	External Director, Audit & Supervisory Committee Member of the Company	Dr. Yamane has a career history that includes Executive and Vice President of a national university, and he possesses extensive specialist knowledge regarding technology and human resource training that he has accumulated over many years as a professor in the faculty of engineering of a national university. Based on such experience and knowledge, the Company has judged that he is able to appropriately advise and supervise the management of the Company, and has elected him as External Director who is an Audit & Supervisory Committee member. Because Dr. Yamane has no relationship with the Press Kogyo Group other than the election as an External Director and satisfies the requirements for independence criteria set by the Tokyo Stock Exchange, Inc., and for Standards for Electing Independent Officers set by the Company, the Company has judged that there is no possibility of conflict of interest between Dr. Yamane and general shareholders and has designated him as an Independent Officer.
Osamu Nakagawa	External Director, Audit & Supervisory Committee Member of the Company	<p>Mr. Nakagawa has served consecutively as partner in an audit corporation and tax accountant corporation and has expert perspective and abundant experience as a certified public accountant and certified tax accountant. Based on such experience and knowledge, the Company has judged that he is able to appropriately advise and supervise the management of the Company, and has elected him as External Director who is an Audit &amp; Supervisory Committee member. Because Mr. Nakagawa has no relationship with the Press Kogyo Group other than the election as an External Director and satisfies the requirements for independence criteria set by the Tokyo Stock Exchange, Inc., and for Standards for Electing Independent Officers set by the Company, the Company has judged that there is no possibility of conflict of interest between Mr. Nakagawa and general shareholders and has designated him as an Independent Officer.</p> <p><i>(Significant concurrent positions outside the Company)</i>  Director of Osamu Nakagawa Accounting Office  Certified Public Accountant and Certified Tax Accountant  Managing Partner of NY Accounting Partners Tax Accountant Corporation  Partner of TOKO Audit Corporation  Audit &amp; Supervisory Board Member of Medical Data Vision Co., Ltd.  External Audit &amp; Supervisory Board Member of ACCESS GROUP HOLDINGS Co., Ltd.  External Audit &amp; Supervisory Board Member of HOKEN NO MADOGUCHI GROUP INC.</p>

Name	Job title	Reasons for election and significant concurrent positions outside the Company
Kenji Furusato	External Director, Audit & Supervisory Committee Member of the Company	<p>Mr. Furusato has abundant experience in law office and has served consecutively as professor in law school with specialized expertise as a lawyer. Based on such experience and knowledge, the Company has judged that he is able to appropriately advise and supervise the management of the Company, and has elected him as External Director who is an Audit &amp; Supervisory Committee member. Because Mr. Furusato has no relationship with the Press Kogyo Group other than the election as an External Director and satisfies the requirements for independence criteria set by the Tokyo Stock Exchange, Inc., and for Standards for Electing Independent Officers set by the Company, the Company has judged that there is no possibility of conflict of interest between Mr. Furusato and general shareholders and has designated him as an Independent Officer.</p> <p><i>(Significant concurrent positions outside the Company)</i>  Attorney of Tokyo Fuji Law Office  Professor of Nihon University Law School</p>
Tomoko Ando	External Director, Audit & Supervisory Committee Member of the Company	<p>Ms. Tomoko Ando has abundant experience and extensive insights regarding global corporations gained primarily from her experience regarding brand marketing and strategic personnel affairs at a foreign-owned enterprise and while serving as the Executive Vice President. Based on such experience and knowledge, the Company has judged that she is able to appropriately advise and supervise the management of the Company, and has elected her as External Director who is an Audit &amp; Supervisory Committee member. On June 27, 2019, Ms. Ando was appointed as an Outside Board Director of Kansai Paint Co., Ltd. Although the Company has a business relationship with Kansai Paint Co., Ltd. regarding purchasing paints, the transaction amount in the current fiscal year was very small at less than 0.2% of the Company's consolidated sales amount and less than 0.1% of the consolidated sales amount of Kansai Paint Co., Ltd. Furthermore, although Kansai Paint Co., Ltd. owns the Company's shares, this constitutes an insignificant amount of less than 0.1% of the total number of shares issued by the Company. Because Ms. Ando has no relationship with the Press Kogyo Group other than the election as an External Director and satisfies the requirements for independence criteria set by the Tokyo Stock Exchange, Inc., and for Standards for Electing Independent External Directors set by the Company, the Company has judged that there is no possibility of conflict of interest between Ms. Ando and general shareholders and has designated her as an Independent Officer.</p> <p><i>(Significant concurrent positions outside the Company)</i>  External Director of Kansai Paint Co., Ltd.</p>